

2004 FIELD INSPECTION PROGRAM

DIVERTER TESTS

Commission Inspectors witnessed 16% of all diverter tests (11 of 69) performed during 2004. Diverter tests on 9 of 27 exploration wells drilled during the year were witnessed; 14 of these were in remote locations. Seven diverter tests were witnessed on the 14 remote exploratory wells. Scheduling conflicts, weather, and the remoteness of operations contributed to the inability to witness diverter tests on 3 remote exploratory operations; diverter requirements were waived for 4 of the wells.

BLOWOUT PREVENTION EQUIPMENT

Past performance has a strong influence on which rigs will be visited to witness blowout prevention equipment ("BOPE") testing, particularly when scheduling conflicts arise. As a guide, AOGCC's goal is to witness the initial BOPE test on all exploratory wells and rig startups (after the rig has been shut down for an extended time period), and at least one test on each operating rig every two months. Based on 175 rig-months for calendar year 2004, the Commission's minimum goal was to witness 90 BOPE tests. There were 500 BOPE tests performed during 2004; the PI Team witnessed 108 BOPE tests (21.6% of the total, which is 120% of our stated goal). Initial BOPE tests were witnessed on 16 of 27 exploration wells; 13 of 15 initial BOPE tests were witnessed on rigs that started operations after an extended shut down. AOGCC witness of initial BOPE tests on three of the remote exploratory wells in NPRA was waived since a BLM inspector was available to witness these tests. Witness of the initial BOPE test on the remaining wells was waived for logistical reasons and taking into account recent equipment performance during testing.

RIG INSPECTIONS

The PI Team conducted 123 rig inspections.

SAFETY VALVE SYSTEMS

The SVS on a well is required to be tested at a maximum interval of every 6 months or more frequently if the failure rate from the prior test exceeded 10%. AOGCC's minimum goal is to witness 25% of the tests performed during a year. During 2004, the PI Team witnessed 2,147 of the 4,423 SVS tests, or about 49% of the tests performed. There were 9,515 components tested in the 4,423 system tests. The Commission identified 4 defeated safety valve systems during 2004 inspections; operators implemented corrective action on all defeated systems by year-end.

WELL HOUSE INSPECTIONS

The PI Team inspected 2,290 wellhead and well house systems on the North Slope and in Cook Inlet.

MECHANICAL INTEGRITY TESTS

There were 1,155 wells engaged in underground injection activities by year-end 2004. Included were 1,088 Class II enhanced recovery wells, 56 Class II disposal wells, seven Class I disposal wells, and four Class II gas storage injectors. Operators added 50 injection wells during 2004, including 43 new wells and seven wells converted to injection service. Ten injectors were abandoned and one was suspended in 2004. MITs were performed on 427 injection wells throughout the state.

AOGCC inspectors witnessed:

- 312 of the 465 MITs;
- 3 of 11 MITs on the Class I non-hazardous disposal injection wells;
- MITs on 28 of the 50 new/converted wells;

The number of witnessed MITs on new/converted injectors is directly impacted by when the well begins injection. Twenty-two injectors were completed during 2004, but had not initiated injection as of the year-end. The Commission does not routinely witness an MIT until the well's operating condition has stabilized.

WELL BORE PLUGS

Commission Inspectors witnessed abandonment activities on 27 wells during 2004; seven of these were new remote exploratory wells located throughout the state. Inspections of the remaining 20 wells included verification of deep plug placement or surface abandonment of old exploration and development wells in the NW Eileen area of Prudhoe Bay, Swanson River Unit, and Houston Gas field (coalbed methane development).

LOCATION CLEARANCE

Eight location clearance inspections were conducted during 2004, including 6 abandoned exploratory well locations.

METERING

Gas Meters: There were 26 gas measurement facilities in the State of Alaska by year-end 2004. The PI Team inspected 12 of the 25 active gas measurement facilities (16 of 28 meters) during 2004.

Oil Meters: North Slope oil production represented 98% of Alaska's total oil production in 2004. There were 94 oil meter provings witnessed by Commission Inspectors; 62 of those were at North Slope facilities. A Commission Inspector witnessed the annual recertification of Alyeska's portable prover during 2004 at the Valdez Marine Facility. Members of the Inspection Team also witnessed subsequent re-certifications of the North Slope using the Alyeska portable prover.

